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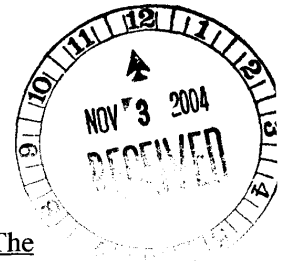
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**BY HAND**

The Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board - Case Control Unit  
1925 K Street, N.W.  
Washington, D.C. 20423



Re: Docket No. 42058, Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad Company,

Dear Mr. Secretary:

Enclosed for filing in the above-referenced proceeding are eleven copies of the PowerPoint materials that Complainant Arizona Electric Power Cooperative, Inc. used in its oral argument yesterday.

Please let us know if there are any questions concerning this matter.

Respectfully submitted,

*Robert D. Rosenberg*

Robert D. Rosenberg

RDR:kaw

cc: Samuel M. Sipe, Jr., Esq. (by hand)  
David L. Meyer, Esq. (by hand)

ENTERED  
Office of Proceedings

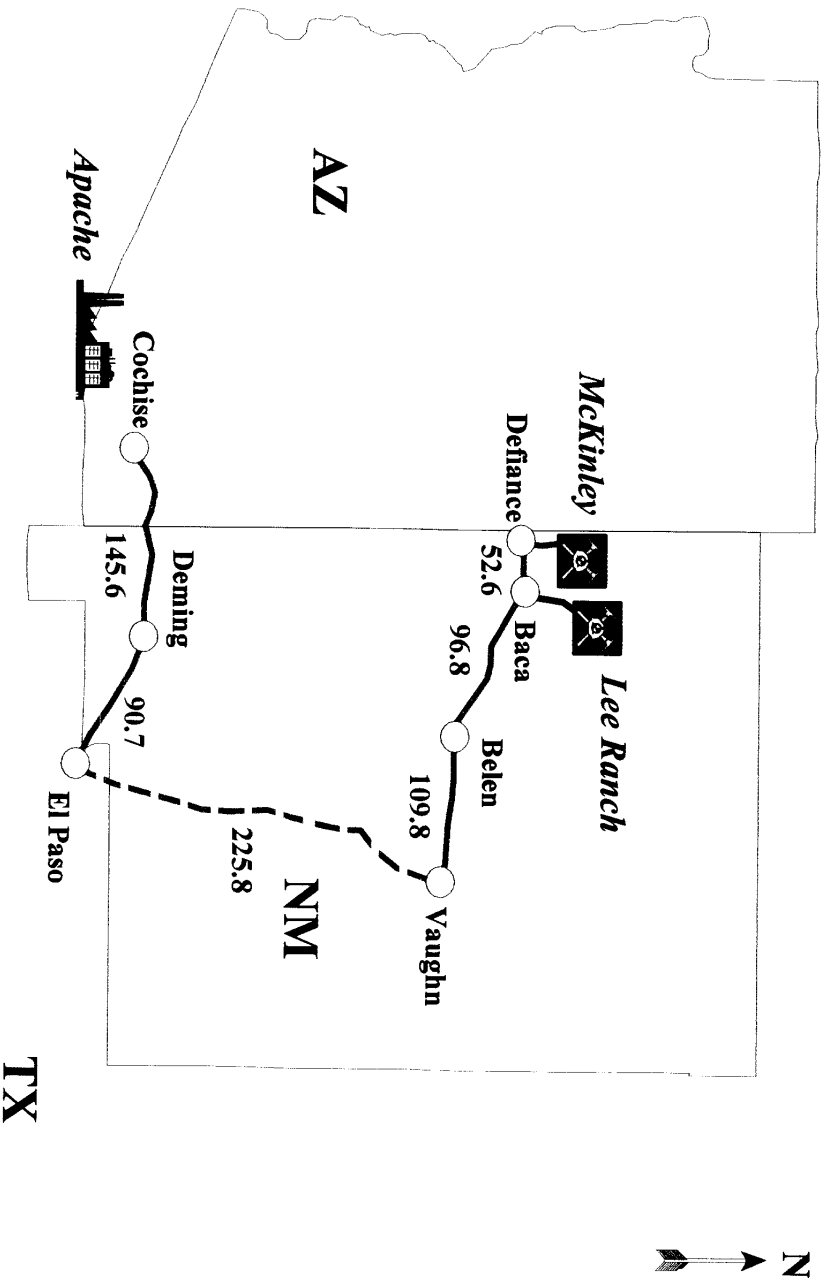
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Part of  
Public Record

212442

NOR 42058

Schematic of the Apache, Cochise & Eastern Railroad



### Comparison of Industry Cost of Capital and ACE Cost of Capital

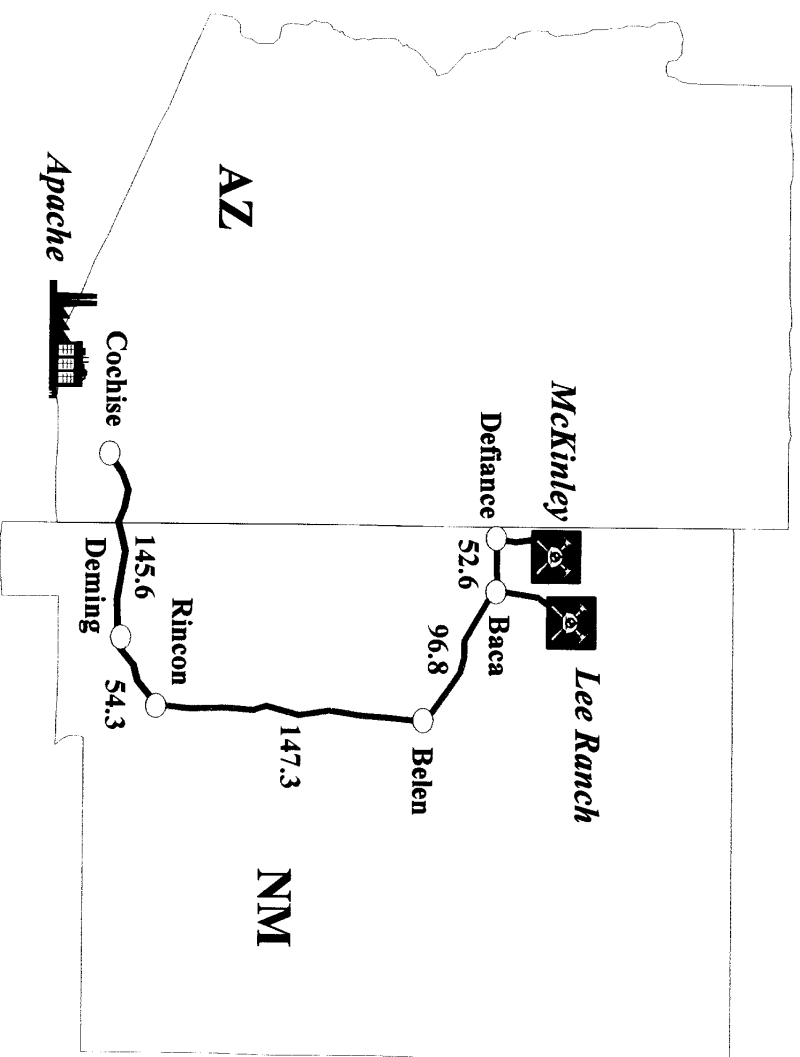
	Railroad Industry			Total Cost of Capital In DCF Model	
	Cost Of Debt (2)	Cost Of Equity (3)	Total Cost Of Capital (4)	Base 1/ (5)	AEPCO Alternate 2/ (6)
<u>Year</u> (1)					
1. 1998	6.6%	13.1%	10.7%	10.7%	10.7%
2. 1999	7.2%	12.9%	10.8%	10.8%	10.8%
3. 2000	8.0%	13.9%	11.0%	11.0%	11.0%
4. 2001	6.9%	12.8%	10.2%	10.5%	10.2%
5. 2002	6.0%	12.6%	9.8%	10.4%	9.8%
6. 2003	5.0%	12.7%	9.4%	10.5% <u>3/</u>	9.4% <u>3/</u>

1/ From AEPCO Supplemental Rebutal electronic workpaper "Exhibit III-H-6.123".

2/ From AEPCO Supplemental Rebutal electronic workpaper "Exhibit III-H-7.123".

3/ Line 6 data not in the record -- AEPCO DCF model re-run to calculate impact of 2003 railroad industry cost of capital.

# **Schematic of Current Route from McKinley and Lee Ranch Mines to Apache Generating Station**



## **LEGEND**

BNSF	
UP	
SW	
Mine	
Plant	
Station	

BNSF's Treatment Of The  
SWRR Lease Results In Increased Costs

Item (1)	Source (2)	Amount Per Ton (3)
1. BNSF's Variable Cost of Service With SWRR Providing Service and SWRR Divisions Payment Included as a Cost	<u>1/</u>	A
2. BNSF's Variable Cost of Service Assuming BNSF Still Provided Service over Trackage Leased to SWRR	<u>1/</u>	B
3. Increase in BNSF's Variable Cost of Service With SWRR Divisions Payment Treated as a Variable Cost	<u>2/</u>	C
4. Resulting Increase in Jurisdictional Threshold Amount	<u>3/</u>	D

1/ AEP CO Rebuttal Evidence, Table II-A-33, page II-A-21. BNSF's variable cost calculated for movement from Lee Ranch Mine to Rincon or Denning in steel, low capacity cars at 4Q01 levels utilizing BNSF/UP procedures.

2/ Line 1 - Line 2.

3/ Line 3 x 1.80.